

KYC Policy (Updated up to 29.12.2023)

Introduction

Know Your Customer (KYC) / Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT)

The objective of KYC / AML / CFT guidelines is to prevent Bank from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC procedures also enable Bank to know / understand the customers and their financial dealings better which in turn help to manage the risks prudently. The Board approved policy on KYC / AML / CFT is subject to review from time to time.

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India, Bank is required to follow certain **customer identification procedures (CIP)** while undertaking a transaction either by establishing an account-based relationship or otherwise and **monitor their transactions**.

Branches will take steps to implement the provisions of the aforementioned Act and Rules, including operational instructions issued in pursuance of such amendment(s).

KYC policy is to be followed by Branches **meticulously**. RBI imposes penalty for Non-compliances in many ways – i) Monetary Penalty, ii) restrict for renew any loans and advances, make any investment, incur any liability including borrowal of funds and acceptance of fresh deposits, disburse or agree to disburse any payment whether in discharge of its liabilities and obligations or otherwise, enter into any compromise or arrangement and sell, transfer or otherwise dispose of any of its properties and iii) Cancellation of licenses of Banking.

This policy is based on existing RBI guidelines. All subsequent amendment by RBI / GOI in Know Your Customer (KYC) / Anti-Money Laundering (AML) / Combating of Financing of Terrorism (CFT) will automatically form part of this policy.

A. Definitions

a. Beneficial Owner (BO)

- i. Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling

ownership interest or who exercise control through other means.

Explanation-

“Controlling ownership interest” means ownership of/entitlement to more than 25 per cent of the shares or capital or profits of the company. “Control” will include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

- ii. Where the customer is a **partnership firm**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of capital or profits of the partnership.
- iii. Where the customer is an **unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term ‘body of individuals’ includes societies. Where no natural person is identified above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

- iv. Where the customer is a trust, the identification of beneficial owner(s) will include identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- b. **“Certified Copy”** - Obtaining a certified copy by the Bank will mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the Bank as per the provisions contained in the Act. Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy, certified by any one of the following, may be obtained:
- authorised officials of overseas branches of Scheduled Commercial Banks registered in India,

- branches of overseas banks with whom Indian banks have relationships,
 - Notary Public abroad,
 - Court Magistrate,
 - Judge,
 - Indian Embassy/Consulate General in the country where the non-resident customer resides.
- c. **"Designated Director"** means a person designated by the Bank to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and will include: the Managing Director or Chief Executive Officer or a whole-time Director or any other Officer, duly authorized by the Board of Directors.
- d. **"Non-profit organisations"** (NPO) means any entity or organisation that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.
- e. **"Person"** has the same meaning assigned in the Act and includes: an individual, a Hindu undivided family, a company, a firm, an association of persons or a body of individuals, whether incorporated or not, every artificial juridical person, not falling within any one of the above persons, any agency, office or branch owned or controlled by any of the above persons.
- f. **"Suspicious transaction"** means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith: gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or appears to be made in circumstances of unusual or unjustified complexity; or appears to not have economic rationale or bona-fide purpose; or gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

- g. **"Transaction"** means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes: opening of an account; deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means; the use of a safety deposit box or any other form of safe deposit; entering into any fiduciary relationship; any payment made or received, in whole or in part, for any contractual or other legal

- obligation; or establishing or creating a legal person or legal arrangement.
- h. **“Customer”** means a person who is engaged in a financial transaction or activity with the Bank and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
 - i. **“Walk-in Customer”** means a person who does not have an account-based relationship with the RE, but undertakes transactions with the Bank.
 - j. **“Wire transfer”** means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.
 - k. **“Domestic and cross-border wire transfer”**: When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the ‘originator bank’ or ‘beneficiary bank’ is located in different countries such a transaction is cross-border wire transfer.
 - l. All other expressions unless defined herein will have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the 14Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

B. Customer Acceptance

PROHIBITIONS AND EXEMPTIONS

1. Prohibitions

Co-operative banks **will not**:

- (a) Pay any remuneration or fees or commission or brokerage or incentives on deposits in any form or manner to any individual, firm, company, association, institution or any other person except: i) commission paid to agents employed to collect door-to-door deposits under a special scheme. ii) remuneration paid to Business facilitators or

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Business Correspondents. iii) incentives granted to staff members as approved by the Reserve Bank of India from time to time.

(b) Offer prize / lottery / free trips (in India and / or abroad), etc., or any other initiative having element of chance for mobilizing deposits.

(c) Resort to unethical practices of raising of resources through agents / third parties to meet the credit needs of the existing / prospective borrowers or to grant loans to the intermediaries based on the consideration of deposit mobilisation.

(d) Issue any advertisement / literature soliciting deposits from public highlighting only the compounded yield on term deposits without indicating the actual rate of simple interest offered by the co-operative bank for the particular period. Simple rate of interest per annum for the period of deposit should be indicated invariably.

(e) Accept interest-free deposit other than in current account or pay compensation indirectly.

(f) Accept deposits from / at the instance of private financiers or unincorporated bodies under any arrangement which provides for either issue of deposit receipt/s favouring client/s of private financiers or giving of an authority by power of attorney, nomination or other-wise, for such clients receiving such deposits on maturity.

(g) Grant advances against term deposits maintained with other banks.

(h) Open a **savings deposit** account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities **other than individuals, Karta of HUF, and organisations / agencies listed in Schedule – I.**

Explanation For the purposes of this clause, '**political party**' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party

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under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.

(i) Create any fund to be utilized for charitable purposes in consultation with the depositors.

2. Exemptions

The provisions in the above para '1' of this section will not be applicable to:

(a) A deposit received by the co-operative bank: i) from the institutions permitted to participate in the Call / Notice / Term Money Market both as lenders and borrowers. ii) for which it has issued a participation certificate;

(b) Payment of interest on delayed collection of outstation instruments like cheques, drafts, bills, telegraphic/mail transfers, etc.

SCHEDULE- I

(1) Primary Agricultural Credit Society which is being financed by the co-operative bank

(2) Khadi and Village Industries Boards

(3) Agriculture Produce Market Committees

(4) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in a State or a Union Territory

(5) Companies licensed by the Central Government under Section 8 of Companies Act, 2013 or Section 25 of Companies Act, 1956 or under the corresponding provision in the Indian Companies Act, 1913 and permitted, not to add to their names the words 'Limited or the words 'Private Limited

(6) Institutions other than those mentioned in para '**1. (h)**' of this section and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961 Institutions other than those mentioned in Para '**1. (h)**' of this section and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961

(7) Government departments / bodies / agencies in respect of grants/ subsidies released for implementation of various programmes / Schemes sponsored by Central Government / State Governments subject to

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production of an authorization from the respective Central / State Government departments to open savings bank account

(8) Development of Women and Children in Rural Areas (DWCRA)

(9) Self-help Groups (SHGs), registered or unregistered, which are engaged in promoting savings habits among their members

(10) Farmers Clubs - Vikas Volunteer Vahini

Bank will ensure that:

- a. No account is opened in anonymous or fictitious/benami name.
- b. No account is opened where the Bank is unable to apply appropriate **Customer Due Diligence (CDD)** measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- c. No transaction or account-based relationship is undertaken without following the CDD procedure.
- d. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- e. 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- f. Bank will apply the CDD procedure at the Unique Customer Identification Code (**UCIC**) level. Thus, if an existing KYC compliant customer of the bank desires to open another account with the same Bank, there will be no need for a fresh CDD exercise.
- g. CDD Procedure is followed for all the joint account holders, while opening a joint account.
- h. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- i. Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.
- j. Where **Permanent Account Number (PAN)** is obtained, the same will be verified from the verification facility of the issuing authority.
- k. Where an equivalent e-document is obtained from the customer, RE will verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- l. **Customer Acceptance exercise will not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.**

- m. Bank will consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer. (Added on 29.12.2023)
- n. Central KYC (CKYC) - Bank will immediately obtain from the third party or from the Central KYC Records Registry, the record or the information of such client due diligence carried out by the third party. (Added on 29.12.2023)

3. Risk Management

Bank will have a risk based approach which includes the following.

- a. Customers will be categorised as low, medium and high risk category, based on the assessment and risk perception of the Bank.
- b. Risk categorisation will be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the customer's business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in. Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.

Explanation:

FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

Customer Risk Categorisation

- **Low Risk Customers Individuals (other than High Net worth)** and entities whose identities and sources of income can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorised as Low Risk customers, such as:
 - Salaried employees
 - People belonging to lower economic strata of the society
 - Government Departments
 - Government owned companies
 - Regulatory and Statutory bodies, etc.

For the above category, the KYC requirements of proper identification and verification of proof of address would suffice.

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- **Medium Risk Customers** who are likely to pose a higher than average risk to the Bank should be categorised as medium or high risk. For this category, higher due diligence is required which includes customer's background, nature and location of activity, country of origin, source of funds and his/her client profile, etc. besides proper identification. The following customers are classified as Medium Risk Customers:
 - Gas Dealers
 - Car/boat/plane dealers
 - Electronics (wholesale)
 - Travel agency, Telemarketers, Telecommunication service providers
 - Pawnshops , Auctioneers , Restaurants, Retail shops, Movie theatres
 - Sole practitioners
 - Notaries
 - Accountants – Blind
 - Purdanashin

- **High Risk Customers** For this category, higher due diligence is required which includes customer's background, nature and location of activity, country of origin, source of funds and his client profile, etc. besides proper identification. Bank will subject such accounts to enhanced monitoring on an ongoing basis.
 - Trusts, charities, NGOs and organizations receiving donations.
 - Companies having close family shareholding or beneficial ownership - Firms with sleeping partners`.
 - Accounts under Foreign Contribution Regulation Act.
 - Politically Exposed Persons (PEPs).
 - Customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner.
 - Those with dubious reputation as per public information available. - Accounts of non-face-to-face customers.
 - High Net worth Individuals
 - Non-Resident customers.
 - Accounts of Cash intensive businesses such as accounts of bullion dealers (including sub-dealers) & jewellers.

Parameters for defining High Net Worth Individuals

Customers having balance in any one of the following category will be treated as High Net Worth Individual and classified in the respective category.

- Average balance of Rs.12.00 lakh and above in SB
- Balance of Rs.15.00 lakh and above in Term deposit
- Average Balance of Rs.12.00 lakh and above in CA

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Risk rating based on the Deposits/account balance

Account	High	Medium	Low
SB (Average Balance)	Rs.12,00,000/- & above	Rs.7,00,000/- & above but less than Rs.12,00,000/-	Less than Rs.7,00,000/-
Current (Average Balance)	Rs.12,00,000/- & above	Rs.8,00,000/- & above but less than Rs.12,00,000/-	Less than Rs.8,00,000/-
Term (Outstanding Balance)	Rs.15,00,000/- & above	Rs.10,00,000/- & above but less than Rs.15,00,000/-	Less than Rs.10,00,000/-

Average balance of last six months will be considered for categorization purpose. Branches are to do this exercise on Half Yearly Basis in January (for July-December balances) and in July (for January-June balances).

For outstanding balances in Term Deposit branches have to do exercise on ongoing basis.

If any customer having accounts in one or more segment (SB/Current/Term) crossing limit any one of the above criterion will be treated in highest category for all purpose.

Customers are also classified as Low, Medium & High risk as per indicative list of customer of RBI (adopted by our bank) will be categorized accordingly irrespective of outstanding / average balance in the account.

4. Customer Identification Procedure (CIP)

Bank will undertake identification of customers in the **following cases**:

- Commencement of an account-based relationship with the customer.
- When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- Selling own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than **rupees fifty thousand**.
- Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds **rupees fifty thousand**, whether conducted as a single transaction or several transactions that appear to be connected.

- e. When Bank has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
- f. Bank will ensure that introduction is not to be sought while opening accounts.

5. Customer Due Diligence (CDD)

1. Individuals

For undertaking CDD, Bank will obtain the following documents from an individual while **establishing an account-based relationship** or while dealing with the individual who is a **beneficial owner, authorised signatory or the power of attorney holder** related to any legal entity:

The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, will include:

- (a) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
- (b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
- (c) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification. (Added on 29.12.2023)

- i. Recent Photograph
- ii. Any one of the "**Officially Valid Document**" (OVD) (i) the passport, (ii) the driving licence, (iii) proof of possession of Aadhaar number, (iv) the Voter's Identity Card issued by the Election Commission of India, (v) job card issued by NREGA duly signed by an officer of the State Government and (vi) letter issued by the National Population Register containing details of name and address.

Provided that,

- where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents

thereof will be deemed to be OVDs for the **limited purpose of proof of address:-**

- utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - property or Municipal tax receipt;
 - pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
- the customer will submit OVD with current address **within a period of three months** of submitting the documents specified at above
 - where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India will be accepted as proof of address. Explanation: For the purpose of this clause, a document will be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.
- iii. the Aadhaar number where, (i) he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or (ii) he decides to submit his Aadhaar number voluntarily to a bank notified under first proviso to sub-section (1) of section 11A of the PML Act; or the **proof of possession of Aadhaar number** where offline verification can be carried out; or the **proof of possession of Aadhaar number** where offline verification cannot be carried out or any **Officially Valid Document (OVD)** or the equivalent e-document thereof containing the details of his identity and address; and
 - iv. the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
 - v. such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the Bank:

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Provided that where the customer has submitted, i) Aadhaar number as per above clause the bank will carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India (UIAI). Further, in such a case, if customer wants to provide a **current address, different from the address as per the identity information** available in the Central Identities Data Repository, he may give a **self-declaration** to that effect to the Bank. ii) proof of possession of Aadhaar under clause above where offline verification can be carried out, the Bank will carry out offline verification.

- vi. Up to April 20, 2018 the person who proposes to open an account does not have an OVD as 'proof of address', such person will provide OVD of the relative as provided at sub-section 77 of Section 2 of the Companies Act, 2013, read with Rule 4 of Companies (Specification of definitions details) Rules, 2014, with whom the person is staying, as the 'proof of address' Explanation: A declaration from the relative that the said person is a relative and is staying with him/her will be obtained. **From 20.04.2018 this facility was withdrawn.**
- vii. Up to April 20, 2018 where a customer categorised as '**low risk**', expresses inability to complete the documentation requirements on account of any reason that the Bank consider to be genuine, and where it is essential not to interrupt the normal conduct of business, Bank will, complete the verification of identity of the customer within a period of six months from the date of establishment of the relationship." **From 20.04.2018 this facility was withdrawn.**
- viii. Notwithstanding anything contained herein above as an alternative thereto, in case an **individual** who desires to open a bank account, banks will open a '**Small Account**', which entails the following limitations:
 - the aggregate of all credits in a financial year does not exceed rupees one lakh;
 - the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
 - the balance at any point of time does not exceed rupees fifty thousand.

Provided, that this limit on balance will not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

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Further, small accounts are subject to the following conditions:

- The bank will obtain a self-attested photograph from the customer.
- The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence. Provided that where the individual is a prisoner in a jail, the signature or thumb print will be affixed in presence of the officer in-charge of the jail and the said officer will certify the same under his signature and the account will remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.
- Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- Banks will ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- The account will remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- The entire relaxation provisions will be reviewed after twenty four months.
- Notwithstanding anything contained in clauses above, the small account will remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.
- The account will be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer will be established.
- Foreign remittance will not be allowed to be credited into the account unless the identity of the customer is fully established.

2. Sole Proprietary firms

- i. For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) will be carried out.
- ii. In addition to the above, **any two** of the following documents or the equivalent e-documents there of as a proof of business / activity in the **name of the proprietary firm** will also be obtained:
 - Registration certificate
 - Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
 - Sales and income tax returns.
 - CST/VAT/ GST certificate (provisional/final).
 - Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
 - IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
 - Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
 - Utility bills such as electricity, water, landline telephone bills, etc.
- iii. In cases where the Bank is satisfied that it is **not possible** to furnish **two such documents**, Bank may, at their discretion, accept **only one** of those documents as proof of business/activity.

Provided Banks undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and will confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

3. Legal Entities

- i. For opening an account of a **company**, certified copies of each of the following documents or the equivalent e-documents thereof will be obtained:

- Certificate of incorporation
 - Memorandum and Articles of Association
 - Permanent Account Number of the company
 - A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
 - Documents, as specified for **Individual**, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to **transact** on the company's behalf
- ii. For opening an account of a **partnership firm**, the certified copies of each of the following documents or the equivalent e-documents thereof will be obtained:
- Registration certificate
 - Partnership deed
 - Permanent Account Number of the partnership firm and
 - Documents, as specified for **Individual**, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to **transact** on its behalf
- iii. For opening an account of a **trust**, certified copies of each of the following documents or the equivalent e-documents thereof will be obtained:
- Registration certificate
 - Trust deed
 - Permanent Account Number or Form No.60 of the trust
 - Documents, as specified for **Individual**, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to **transact** on its behalf
- iv. For opening an account of an **unincorporated association or a body of individuals** (Term 'body of individuals' includes societies), certified copies of each of the following documents or the equivalent edocuments thereof will be obtained:
- Resolution of the managing body of such association or body of individuals
 - Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
 - Power of attorney granted to transact on its behalf
 - Documents, as specified for **Individual**, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to **transact** on its behalf and

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- Such information as may be required by the Bank to collectively establish the legal existence of such an association or body of individuals.
- **Provided that in case of a trust, the Bank will ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions. (Added on 29.12.2023)**

Explanation:

Unregistered trusts/partnership firms will be included under the term 'unincorporated association'.

- v. For opening accounts of **juridical persons** not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents or the equivalent e-documents thereof will be obtained:
 - Document showing name of the person authorised to act on behalf of the entity;
 - Documents, as specified for **Individual**, of the person holding an attorney to transact on its behalf and
 - Such documents as may be required by the Bank to establish the legal existence of such an entity/juridical person.

- vi. Accounts of **Politically Exposed Persons (PEPs)**
Individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States / Governments, senior politicians, senior government / judicial / military officers, senior executives of state-owned corporations, **important political party officials**, etc.

- Bank will have the option of establishing a relationship with PEPs provided that:
 - sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
 - the identity of the person will have been verified before accepting the PEP as a customer;
 - the decision to open an account for a PEP is taken at a senior level;

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- all such accounts are subjected to **enhanced monitoring** on an on-going basis;
 - in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, HO approval is obtained to continue the business relationship;
 - the CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.
- These instructions will also be applicable to accounts where a PEP is the **beneficial owner of Legal Entity**.

Bank will have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence:

(a) Bank will have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;

(b) Reasonable measures are taken by the Bank for establishing the source of funds/wealth;

(c) the approval to open an account for a PEP will be obtained from the senior management;

(d) all such accounts are subjected to enhanced monitoring on an on-going basis;

(e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;

These instructions will also be applicable to family members or close associates of PEPs.

(Added on 29.12.2023)

- vii. Client accounts opened by **professional intermediaries**: Bank will ensure while opening client accounts through professional intermediaries, that:
- Clients will be identified when client account is opened by a professional intermediary on behalf of a single client.
 - Bank will have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
 - Bank will not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Bank.
 - All the beneficial owners will be identified where funds held by the intermediaries are not co-mingled at the level of Bank, and there are 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of Bank, the Bank will look for the beneficial owners.
 - Bank will, rely on the 'customer due diligence' (CDD) done by an intermediary, provided that the intermediary is a

regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.

- The ultimate responsibility for knowing the customer lies with the Bank.

viii. Simplified norms for **Self Help Groups** (SHGs)

- CDD of all the members of SHG will not be required while opening the savings bank account of the SHG.
- CDD of all the office bearers will suffice.
- Customer Due Diligence (CDD) of all the members of SHG may be undertaken at the time of credit linking of SHGs.

ix. Opening accounts of **foreign students**

- Banks will, at their option, open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with visa & immigration endorsement) bearing the proof of identity and address in the home country together with a photograph and a letter offering admission from the educational institution in India. (i) Provided that a declaration about the local address will be obtained within a period of 30 days of opening the account and the said local address is verified. (ii). Provided further that pending the verification of address, the account will be operated with a condition of allowing foreign remittances not **exceeding USD 1,000** or equivalent into the account and a cap of **rupees fifty thousand** on aggregate in the same, during the 30-day period.
- The account will be treated as a normal NRO account, and will be operated in terms of Reserve Bank of India's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provisions of FEMA 1999.
- Students with Pakistani nationality will require prior approval of the Reserve Bank for opening the account.

6. On-going Due Diligence

- i. Bank will undertake on-going due diligence of customers to ensure that their transactions are **consistent** with their knowledge about the customers, customers' business and risk profile; and the source of funds. **Bank will apply a Risk Based Approach (RBA) and implement a CDD programme, having regard to the ML/TF risks**

identified (by the Bank itself or through the National Risk Assessment) and the size of business, for mitigation and management of the identified risk, controls and procedures in this regard. Further, Bank will monitor the implementation of the controls and enhance them if necessary. (Added on 29.12.2023)

- ii. Without prejudice to the generality of factors that call for **close monitoring** following types of transactions will necessarily be monitored:
 - Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
 - Transactions which exceed the thresholds prescribed for specific categories of accounts.
 - High account turnover inconsistent with the size of the balance maintained.
 - Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.
- iii. The extent of monitoring will be aligned with the risk category of the customer.
- iv. High risk accounts have to be subjected to more intensified monitoring.
- v. A system of periodic review of **risk categorisation of accounts**, with such periodicity being at **least once in six months**, and the need for applying enhanced due diligence measures will be put in place.
- vi. The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies will be closely monitored.

Explanation:

Cases where a large number of cheque books are sought by the company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing similar amounts/dates, will be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.

7. Periodic Updation

The Jain Sahkari Bank Limited

Bank will adopt a risk-based approach for periodic updation of KYC. However, periodic updation will be carried out from the date of opening of the account / last KYC updation as under –

- once in every two years for high risk customers,
- once in every eight years for medium risk customers and
- once in every ten years for low risk customers.

Our OMNI System / Software provides risk category as per profile of customer as well as average / outstanding balance, accordingly branches to do periodic updation in Risk Category and obtain necessary documents.

i. **Individual Customers:**

- **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard will be obtained through customer's email-id registered with the Bank, customer's mobile number registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application of Bank), letter etc.
- **Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address will be obtained from the customer through customer's email-id registered with the Bank, customer's mobile number registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application of Bank), letter etc., and the declared address will be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.
- Further, Bank, at their option, **may** obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof for the purpose of proof of address, declared by the customer at the time of periodic updation.
- Accounts of customers, who were **minor** at the time of opening account, on their **becoming major**: In case of customers for whom account was opened when they were minor, **fresh photographs** will be obtained on their becoming a major and at that time it will be ensured that CDD documents as per the current CDD standards are available with the Bank. Wherever required, Bank may carry out fresh KYC of such customers i.e. customers for

whom account was opened when they were minor, on their becoming a major.

ii. **Customers other than individuals:**

- **No change in KYC information:** In case of no change in the KYC information of the **Legal Entity (LE)** customer, a self-declaration in this regard will be obtained from the LE customer through its email id registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application of Bank), letter from an official authorized by the LE in this regard, **board resolution** etc.
- Further, Bank will ensure during this process that **Beneficial Ownership (BO)** information available with them is accurate and will update the same, if required, to keep it as up-to-date as possible.
- **Change in KYC information:** In case of change in KYC information, Bank will undertake the KYC process equivalent to that applicable for on boarding a **new LE customer**.

iii. Additional measures:

In addition to the above, Bank will **ensure** that,

- The KYC documents of the customer as per the current **CDD standards are available with them**. This is applicable even if there is no change in customer information but the documents available with the Bank are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Bank has expired at the time of periodic updation of KYC, Bank will undertake the KYC process equivalent to that applicable for on-boarding a **new customer**.
- Customer's PAN details, if available with the Bank, is verified from the database of the issuing authority at the time of periodic updation of KYC.
- Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it will be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the Bank and an intimation,

mentioning the date of updation of KYC details, is provided to the customer.

iv. **In case of existing customers,**

Bank will **obtain the Permanent Account Number** or equivalent e-document thereof or **Form No.60**, by such date as may be notified by the Central Government, failing which Bank will **temporarily cease operations** in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer. Provided that before temporarily ceasing operations for an account, the Bank will give the customer an accessible notice and a reasonable opportunity to be heard.

Further, Bank will appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts will, however, be subject to **enhanced monitoring**. Provided further that if a customer having an existing account-based relationship with a Bank gives in writing to the Bank that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, Bank will close the account and all obligations due in relation to the account will be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation – For the purpose of this Section, “temporary ceasing of operations” in relation an account will mean the temporary suspension of all transactions or activities in relation to that account by the Bank till such time the customer complies with the provisions of this Section. In case of asset accounts such as **loan accounts**, for the purpose of ceasing the operation in the account, **only credits will be allowed**.

8. Record Management

The Jain Sahkari Bank Limited

The following steps will be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. Bank will,

- i. maintain all necessary records of transactions between the Bank and the customer, both domestic and international, for at least **five years** from the date of transaction;
- ii. preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least **five years** after the business relationship is **ended**;
- iii. make available the identification records and transaction data to the competent authorities upon request;
- iv. maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- v. maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - the nature of the transactions;
 - the amount of the transaction and the currency in which it was denominated;
 - the date on which the transaction was conducted; and
 - the parties to the transaction.
- vi. proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- vii. maintain records of the identity and address of their customer, and records in respect of transactions

9. "Central KYC Records Registry" (CKYCR)

CKYCR means Bank, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

"Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry

"KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

KYC records downloaded from CKYCR, in accordance with Section 56, using the KYC identifier provided by the customer.

CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

- i. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.
- ii. In terms of provision of Rule 9(1A) of PML Rules, the Bank will capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.
- iii. Bank will capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be.
- iv. Bank will upload KYC records pertaining to accounts of LEs opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules *ibid*. The KYC records have to be uploaded as per the LE Template released by CERSAI.
- v. Once KYC Identifier is generated by CKYCR, REs will ensure that the same is communicated to the individual/LE as the case may be.
- vi. In order to ensure that all KYC records are incrementally uploaded on to CKYCR, Bank will upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above mentioned dates as above at the time of periodic updation when the updated KYC information is obtained/received from the customer.
- vii. Bank will ensure that during periodic updation, the customers are migrated to the current CDD standard.
- viii. Where a customer, for the purposes of establishing an account based relationship, submits a KYC Identifier to the bank, with an explicit consent to download records from CKYCR, Bank will retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer will not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
 - there is a change in the information of the customer as existing in the records of CKYCR;
 - the current address of the customer is required to be verified;
 - the Bank considers it necessary in order to verify the identity or address of the customer, or to perform

enhanced due diligence or to build an appropriate risk profile of the client.

10. Reporting Requirements to Financial Intelligence Unit – India

- i. Bank will furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND will have powers to issue guidelines to the Bank for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

- ii. The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports will be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website will be made use of by Bank which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers of Bank, will have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>.
- iii. Bank will not put any restriction on operations in the accounts merely on the basis of the STR filed. Bank, its directors, officers, and all employees will ensure that the fact of maintenance of records and furnishing of the information to the Director is confidential. However, such confidentiality requirement will not inhibit sharing of information, any analysis of transactions and activities which appear unusual, if any such analysis has been done. (Added on 29.12.2023)
- iv. **Money Mules** - The instructions on opening of accounts and monitoring of transactions will be strictly adhered to, in order to minimise the operations of “Money Mules” which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit

accounts by recruiting third parties which act as “money mules.” Bank will undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to FIU-IND. Further, if it is established that an account opened and operated is that of a Money Mule, but no STR was filed by the bank, it will then be deemed that the bank has not complied with these directions. Added on 29.12.2023.

- v. While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule will be constituted as a separate violation. Bank will not put any restriction on operations in the accounts where an STR has been filed. Bank will keep the fact of furnishing of STR strictly confidential. It will be ensured that there is no tipping off to the customer at any level.
 - vi. Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers will be put in to use as a part of effective identification and reporting of suspicious transactions.
11. Requirements / obligations under International Agreements Communications from International Agencies –
- i. Bank will ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:
 - The “ISIL (Da’esh) & Al-Qaida Sanctions List”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & AlQaida Sanctions List is available at: <https://scsanctions.un.org/ohz5jen-al-qaida.html>
 - The “1988 Sanctions List”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at: <https://scsanctions.un.org/3ppp1en-taliban.html>
 - ii. Details of accounts resembling any of the individuals/entities in the lists will be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated February 2, 2021 (Annex II of this Master Direction). In addition to the above, other UNSCRs circulated by the Reserve Bank in

respect of any other jurisdictions/ entities from time to time will also be taken note of.

- iii. Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967 The procedure laid down in the UAPA Order dated 56February 2, 2021 (Annex II of this Master Direction) will be strictly followed and meticulous compliance with the Order issued by the Government will be ensured. The list of Nodal Officers for UAPA is available on the website of Ministry of Home Affairs.
- iv. Jurisdictions that do not or insufficiently apply the FATF Recommendations
 - FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, will be considered. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement will be taken into account.
 - Special attention will be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.

Explanation: The process referred to in Section 55 a & b do not preclude Bank from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.
 - The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations will be examined, and written findings together with all documents will be retained and will be made available to Reserve Bank/other relevant authorities, on request.

12. Secrecy Obligations and Sharing of Information:

- i. Banks will maintain secrecy regarding the customer information which arises out of the contractual relationship between the banker and customer.
- ii. Information collected from customers for the purpose of opening of account will be treated as confidential and details thereof will not be divulged for the purpose of cross selling, or

for any other purpose without the express permission of the customer.

- iii. While considering the requests for data/information from Government and other agencies, banks will satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.
- iv. The exceptions to the said rule will be as under:
 - Where disclosure is under compulsion of law
 - Where there is a duty to the public to disclose,
 - the interest of bank requires disclosure and
 - Where the disclosure is made with the express or implied consent of the customer.

13. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) Under FATCA and CRS,

- a. REs will adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, will take following steps for complying with the reporting requirements:
- b. Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login - -> My Account --> Register as Reporting Financial Institution,
- c. Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) will be referred to.
Explanation: REs will refer to the spot reference rates published by Foreign Exchange Dealers' Association of India (FEDAI) on their website at <http://www.fedai.org.in/RevaluationRates.aspx> for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H.
- d. Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.

- e. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- f. Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance.
- g. Ensure compliance with updated instructions/ rules/ guidance notes/ Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time and available on the web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. REs may take note of the following:
 - updated Guidance Note on FATCA and CRS 41
 - a press release on 'Closure of Financial Accounts' under Rule 114H (8). 58. Period for presenting payment instruments Payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, will not be made.

14. Others

- a. Operation of Bank Accounts & Money Mules The instructions on opening of accounts and monitoring of transactions will be strictly adhered to, in order to minimise the operations of "Money Mules" which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties which act as "money mules." If it is established that an account opened and operated is that of a Money Mule, it will be deemed that the bank has not complied with these directions.
- b. Collection of Account Payee Cheques Account payee cheques for any person other than the payee constituent will not be collected. Banks will, at their option, collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

- c. A Unique Customer Identification Code (UCIC) will be allotted while entering into new relationships with individual customers as also the existing customers by banks and NBFCs.
- d. The banks/NBFCs will, at their option, not issue UCIC to all walk-in /occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.
- e. Introduction of New Technologies – Credit Cards/Debit Cards/ Smart Cards/Gift Cards/Mobile Wallet/ Net Banking/ Mobile Banking/RTGS/ NEFT/ECS/IMPS etc. Adequate attention will be paid by Bank to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it will be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products / services / technologies. Agents used for marketing of credit cards will also be subjected to due diligence and KYC measures.
- f. Correspondent Banks - Banks will have a policy approved by their Boards, or by a committee headed by the Chairman/CEO/MD to lay down parameters for approving correspondent banking relationships subject to the following conditions:
 - Sufficient information in relation to the nature of business of the bank including information on management, major business activities, level of AML/CFT compliance, purpose of opening the account, identity of any third party entities that will use the correspondent banking services, and regulatory/supervisory framework in the bank's home country will be gathered.
 - Post facto approval of the Board at its next meeting will be obtained for the proposals approved by the Committee.
 - The responsibilities of each bank with whom correspondent banking relationship is established will be clearly documented.
 - In the case of payable-through-accounts, the correspondent bank will be satisfied that the respondent bank has verified the identity of the customers having

direct access to the accounts and is undertaking on-going 'due diligence' on them.

- The correspondent bank will ensure that the respondent bank is able to provide the relevant customer identification data immediately on request.
 - Correspondent relationship will not be entered into with a shell bank.
 - It will be ensured that the correspondent banks do not permit their accounts to be used by shell banks.
 - Banks will be cautious with correspondent banks located in jurisdictions which have strategic deficiencies or have not made sufficient progress in implementation of FATF Recommendations.
 - Banks will ensure that respondent banks have KYC/AML policies and procedures in place and apply enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.
- g. Wire transfer Bank will ensure the following while effecting wire transfer:
- All cross-border wire transfers including transactions using credit or debit card will be accompanied by accurate and meaningful originator information such as name, address and account number or a unique reference number, as prevalent in the country concerned in the absence of account.
Exception: Interbank transfers and settlements where both the originator and beneficiary are banks or financial institutions will be exempt from the above requirements.
 - Domestic wire transfers of **rupees fifty thousand and above** will be accompanied by originator information such as name, address and account number.
 - Customer Identification will be made if a customer is intentionally structuring wire transfer below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts will be made to establish his identity and STR will be made to FIU-IND.
 - Complete originator information relating to qualifying wire transfers will be preserved at least for a period of five years by the ordering bank.

- A bank processing as an intermediary element of a chain of wire transfers will ensure that all originator information accompanying a wire transfer is retained with the transfer.
 - The receiving intermediary bank will transfer full originator information accompanying a cross-border wire transfer and preserve the same for at least five years if the same cannot be sent with a related domestic wire transfer, due to technical limitations.
 - All the information on the originator of wire transfers will be immediately made available to appropriate law enforcement and/or prosecutorial authorities on receiving such requests.
 - Effective risk-based procedures to identify wire transfers lacking complete originator information will be in place at a beneficiary bank.
 - Beneficiary bank will report transaction lacking complete originator information to FIU-IND as a suspicious transaction.
 - The beneficiary bank will seek detailed information of the fund remitter with the ordering bank and if the ordering bank fails to furnish information on the remitter, the beneficiary will consider restricting or terminating its business relationship with the ordering bank.
- h. Issue and Payment of Demand Drafts, etc., Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value of rupees fifty thousand and above will be effected by debit to the customer's account or against cheques and not against cash payment. Further, the name of the purchaser will be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions will take effect for such instruments issued on or after September 15, 2018.
- i. Quoting of PAN Permanent account number (PAN) or equivalent e-document thereof of customers will be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to banks, as amended from time to time. Form 60 will be obtained from persons who do not have PAN or equivalent e-document thereof.
- j. Hiring of Employees and Employee training

- Adequate screening mechanism as an integral part of their personnel recruitment/hiring process will be put in place.
- On-going employee training programme will be put in place so that the members of staff are adequately trained in AML/CFT policy. The focus of the training will be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff will be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in AML/CFT policies of the Bank, regulation and related issues will be ensured.
- k. Money Laundering and Terrorist Financing Risk Assessment by Bank:
 - Bank will carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc. The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, Bank will take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Bank from time to time.
 - The risk assessment by the Bank will be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Bank. Further, the periodicity of risk assessment exercise will be determined by the Board of the Bank, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.
 - The outcome of the exercise will be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.
 - Bank will apply a Risk Based Approach (RBA) for mitigation and management of the identified risk. Further,

The Jain Sahkari Bank Limited

Bank will monitor the implementation of the controls and enhance them if necessary.

(Vivek G Tengshe)
Chief executive Officer

September 13, 2022 / 29.12.2023